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**Starting a Business:**

**Which Business to Choose?**

So you’d like to start a business! That’s a great idea, but where do you start? The best place to start is deciding what you are going to sell. A business takes **resources** and uses them to create either a product or a service to sell to people.

**Resources** can be any one of a list of things. For example, if you have a business producing aprons, your resources would be the cloth, the sewing machines, cash to start your business, premises from which to operate, and the people who sew the aprons.

Your business can either produce something, like the example above in which aprons were produced, or your business can provide a service. An example of a business that provides a service would be a car washing business.

**Exercise One**

Look at the list of businesses below. Divide them into businesses that produce a product and those that provide a service. Write the name of the business under the correct heading in the table.

**Businesses:**

Ice cream selling business, Tutoring business, Go-cart Making Shop, Toffee Factory, Bank, Paper Mill, Pharmacy, Tree Nursery, Jean Factory, Auto Mechanic, Car Factory, Book Shop, Soap Makers, Beauty Shop, Bakery, Hardware Store, Steel Plant

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| **Businesses that produce a product** | **Businesses that provide a service** |
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**PRODUCE A PRODUCT PROVIDE A SERVICE**

**Exercise Two**

A) Jan wants to start a business. Since she likes making rag dolls, she has decided to make a business producing rag dolls and various sets of clothes for the rag dolls. List the resources that Jan will need to start this business.

B) Clyde loves English and he’s a whizz with grammar. He has decided to start a business tutoring fellow students. Even though he’s weak in math, he also wants to tutor students in math because he knows many people need that help. What resources will Clyde need to start up his tutoring business?

C) Which of these businesses required less resources? Explain how that might help someone in making their decision about which business to choose?

When Clyde was thinking about what business to choose he knew that he was good at English but he also knew that even though his customers, his fellow students, needed help with grammar they also needed help with math. When Clyde was making these decisions he was looking at his **market**. Your **market** is the people who will buy your service or product.

Clyde knew that his market needed more than just English tutoring so he changed his ideas about his business to suit the market. This is what clever business people do! Before they start a business they study the market carefully. They see what their future customers might want and that helps them decide what they should sell to them.

**Exercise Three**

Read the story about the town of Marketville carefully and try to find some business opportunities for Mr. Bigshot, a businessman who wants to start a business in the town.

Marketville is a beautiful town along Lake Placid. It has a population of 10,000 people. The majority of the people work at the steel factory in town. Although the car making factory is Industrial Town, on the other side of Lake Placid, the steel is moved by truck to Industrial Town which takes two hours to get there by boat.

Most of the people in Marketville wake up early to go to the shore to buy the bread brought by boat from Industrial Town. After buying bread they quickly rush home to make coffee that they put in thermoses and carry to the factory because Marketville has nowhere that sells coffee on the way to the factory.

At lunchtime, most of the workers go home for lunch or carry their lunch to work with them because there are no fast food places or restaurants near the factory.

Many people have commented about the beautiful shoreline of Lake Placid with its tall white pine trees providing shade and its white sandy beach. Once in a while in the summer a few back packers pitch a tent under the pine trees for a few days, but since there are no toilets or showers they often move on quickly.

Describe some businesses Mr. Bigshot could start in Marketville. For each describe the business and what about the people of Marketville and their needs made you think that this business might be a good one for Mr. Bigshot.

**Conclusion**

Choosing between a business that produces a product and one that provides a service is something every businessperson must do. Making that decision requires the businessperson to look at the resources that are required to start that particular business. Some businesses require more resources and some require less.

Also, deciding which business to choose will depend on your market. What do your customers need? If you can fill their need then you have a business that is sure to take off!

**Glossary of New Terms**

**Resources:** The things used in running your business

**Market:** the future customers for your product or service